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Work of the remedial loan societies, 1913-1914. (New York: Clover Press. 1915.)

Public Finance, Taxation, and Tariff

An Economic Analysis of the Constitutional Restrictions upon Public Indebtedness in the United States. By HORACE SECRIST. (Madison: University of Wisconsin. 1914. Pp. 131. \$.40.)

This is a doctor's thesis, published as No. 1, Vol. 8, of the Wisconsin "Economic and Political Science Series," and comprises a useful body of information, based, apparently, on a careful examination of material, with a critical estimate of the working of constitutional restrictions on public indebtedness, and a discussion of the means by which a more satisfactory system of control may be attained. The treatment of the question is in two divisions, one dealing with restrictions on the indebtedness of states, the other with restrictions on the indebtedness of municipalities. Each division is preceded by a historical sketch of the growth of indebtedness, the abuse of the borrowing power, and the use of public credit to subsidize private enterprise.

The great increase of state debts occurred in the third decade of the last century as a result of the enthusiasm for internal improvements: an increase from \$13,000,000 in 1830 to \$183,000,000 in 1839, which left some states bankrupt and others on the road to bankruptcy. Constitutional restrictions on the amount of debt, unless authorized by popular vote, on the period for which loans might run, on the loan of state credit to provide enterprises, and requirements that the creation of loans should be accompanied by provision for their payment by taxation began in the forties and became general in the fifties. These restrictions, however, were not generally interpreted as applying to local bodies, which in the decade following the Civil War went through much the same experience that the states had gone through a generation earlier, the indebtedness of cities increasing from \$221,312,000 in 1866 to \$604,832,000 in 1876. The result was the extension to local bodies of restrictions similar to those previously applied to the states.

In the chapters devoted to the criticism of the policy of constitutional restriction, the author holds that while the prohibition of the loan of public credit to private enterprise is fully justified, the restrictions on the borrowing power grew out of economic condi-

tions and a social philosophy which have passed away, and are necessarily general, arbitrary, and rigid in character. They have failed to accomplish the purpose intended and are not adapted to present needs.

In his constructive argument, as applied to the states, Dr. Sechrist dwells upon the broad field for the legitimate use of the borrowing power which has developed with changes in our economic conditions and social philosophy and urges that the restrictions imposed should be directed to enforcing payment of debt rather than to limiting its amount. In regard to local indebtedness he makes clear that the question is one of administrative control rather than of constitutional restriction. Emphasis is laid on the good results accomplished by the Local Government Board in England and the Municipal Securities Act and Railway and Municipal Board in Ontario.

The facts in regard to constitutional restriction are conveniently summarized in tabular form and a bibliography is appended.

An occasional test of the tables and references gives the impression that the work is not free from errors in details.

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- DEMORGNY, G. *Les institutions financières de la Perse*. (Paris: Leroux. 1915. 3.50 fr.)
- GLOVER, J. *Income-tax reform*. (London: Sheratt & Hughes. 1915. Pp. 24. 1s.)
- GRAHAM, H. J. *Abstract of emergency revenue act of 1914*. (Louisville, Ky.: Business Prtg. Co. 1915. Pp. 48. 25c.)
- HARRISTOY, J. *Les opérations financières de la France pendant la guerre de 1870-1871*. (Paris: Giard & Brière. 1915. 2 fr.)
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- LONGCOPE, E. M. *Things taxable—and not*. (Houston, Tex.: E. M. Longcope. 1915. Pp. 67. \$1.)
- MAXEY, R. E. L. *New form of government; taxation and tariff question solved*. (Pittsburgh, Pa.: Keystone Prtg. Co. 1915. Pp. 51. \$1.)